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P R O C E E D I N G S

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3 THE COURT: Good morning.

4 This is Judge Andrews in Art+Com InnovationPool v.
5 Google, which is Case No. 14-217.6 I have a court reporter with me, so when people speak,
7 I would appreciate it if they identify themselves, so that both
8 the Court Reporter and I know who's speaking.

9 Who is on the line, please?

10 MR. FARNAN: Good morning, your Honor.

11 This is Michael Farnan for the plaintiffs.

12 On the line is Scott Partridge and Ryan Pinckney from
13 Baker Botts.

14 MR. PARTRIDGE: Good morning, your Honor.

15 MR. PINCKNEY: Good morning, your Honor.

16 MR. SAINDON: Good morning, your Honor.

17 This is Paul Saindon from Morris Nichols.

18 And with me is Cono Carrano from Akin Gump for Google.

19 THE COURT: So, good morning to you all.

20 If I'm understanding the letter that has been filed,
21 Docket Item 55, right? You want me to sign the attached
22 proposed Order relating to the discovery of electronically-
23 stored information, and you're both in agreement on that, so I
24 will sign that.

25 And, if I further understand, basically, the discovery

1 issues that were brought up the last time, when we met in
2 person, they were not part of the discussion today.

3 And, basically, the only thing on the table this
4 morning is Google's request to have the number of asserted
5 claims -- to set a schedule for lowering the number of asserted
6 claims; is that correct?

7 MR. PARTRIDGE: That's correct, your Honor.

8 THE COURT: And who are you?

9 MR. PARTRIDGE: This is Scott Partridge.

10 I apologize.

11 THE COURT: No, that's all right. I just -- you know,
12 we'll get used to it.

13 As I understand it, the plaintiff is currently
14 asserting 40 claims?

15 MR. PARTRIDGE: Your Honor, that's correct. We reduced
16 that from 82, in two stages thus far down to -- I think it was
17 52 -- and now down to 40.

18 THE COURT: All right.

19 And, so, when does the -- when does the Markman --
20 where are we exactly in the Markman process?

21 MR. PARTRIDGE: We have just begun, your Honor. We
22 exchanged disputed claim terms last Friday. The plaintiff
23 identified, I think 19, and with we identified eight. They
24 overlap, so we're looking at about 20 claim terms.

25 I think probably by the time we exchange constructions,

1 which occurs in early January, with a Markman Hearing in
2 February, you're going to see less than 15, would be my guess on
3 the basis of what's been done so far.

4 So, the briefing won't start until some time later in
5 January.

6 THE COURT: All right.

7 And does the other side think that's roughly correct?

8 MR. CARRANO: Yes, your Honor. This is Cono Carrano.
9 I think there's about 26 claim terms in dispute.

10 And, as far as the briefing, it starts in February --
11 February 6th is the first -- the opening brief for claim
12 construction, but, otherwise, it's accurate.

13 THE COURT: All right.

14 So I guess the question is -- so I appreciate that the
15 plaintiff has reduces the number of terms from an unreasonably
16 excessive number to 40, but it does seem like 40 is still a
17 pretty big number.

18 I guess what I'm wondering is, plaintiff, why do you --
19 why do you need 40 going into the Markman?

20 MR. PARTRIDGE: Well, your Honor, I think that at this
21 point, the number of claims -- the number of claims that are
22 asserted are not effecting Markman at all.

23 In fact, the claim terms that have been identified by
24 the parties could all be in play if we only identified nine
25 claims.

1 Half the claim terms come out of the Independent Claim
2 1. And, frankly, I do think they overlap, so that we're already
3 less than 20 claim terms.

4 So I think the -- the supposition that the Markman
5 hearing process would somehow be changed, as a consequence of
6 changing the number of asserted claims at this point is
7 incorrect. That isn't going to be the case.

8 So that the present circumstance, we don't think
9 there's an increase cost or burden that the parties are
10 suffering at this point, if we allow the Markman process to
11 proceed, exchange constructions, see where people are with
12 respect to that, before any further claim reduction is required
13 in this case.

14 We had indicated in our previous call -- and it's not
15 set forth in this letter -- there are four different Google
16 products that are at issue that were introduced at different
17 points in time. And we have two sets of claims in this patent.

18 One, the original set, and the second set, a set that
19 came out of the reissue of this patent about two years or so
20 ago.

21 And, so, it really is, you know, two sets of claims
22 against four different products. All of the claims but one are
23 dependent claims. The two sets of claims are structured
24 differently. And that different structure effects, I think,
25 validity issues. And the timing of the assertion of those

1 claims, essentially, effects both infringement, because some of
2 the products at Google were introduced briefly and, in effect,
3 potentially damages. And we'll have to see how that all plays
4 out as we go forward.

5 But I think there is a rational here, at least at the
6 present time, allowing this number of claims to -- to go
7 forward.

8 It doesn't, when you look at the impact on the case, it
9 doesn't really have an impact at the present time. And the only
10 fact that I'm aware of, that the defendant has actually
11 identified thus far, is an impact on their proposed filing of
12 the IPR.

13 I don't think the filing of an IPR is a basis for the
14 Court to decide what happens in a lawsuit. Whether that's one
15 IPR, or two IPRs, it really shouldn't matter to the Court on
16 making a decision on an appropriate number of claims at this
17 stage of the case.

18 THE COURT: So, even though you say it's two sets of
19 claims, all of these dependent claims, whether they're in the
20 original patent, or the reissue, depend on the exact same
21 independent claim, right?

22 MR. PARTRIDGE: That's -- that's correct. The
23 dependent claims are stacked differently in the reissue than
24 they are in the -- in the original.

25 In the original, I think with a few exceptions, the

1 dependent claims would be dependent on Claim 1. And then the
2 reissue claims, that is not the case.

3 And that's why we end up with a relatively small
4 number. I think it will be less than 20, as I said, by the time
5 we go forward to the Court.

6 In fact, I think legitimately there are only ten or 12
7 claim terms in dispute. That's why we end up with a relatively
8 manageable number of disputed claim terms at this stage of the
9 case.

10 THE COURT: So, just -- there was something I didn't
11 understand what you just said. You said -- well, there are a
12 couple of things I didn't understand -- but one is, you said the
13 reissue claims are stacked differently.

14 What I would interpret by that is, what you're saying
15 is, there's -- that some of them are, shall we say, grandchild
16 dependent claims of an independent claim. That there's some
17 intermediate dependent claim, that -- so that whatever the
18 common limitation is of the first dependent claim is different
19 in the first set of patents, or the first sets of claims than
20 the second, is that what you mean?

21 MR. PARTRIDGE: That's, essentially, right, your Honor.

22 In other words, instead of having the dependency all
23 tied back to Claim 1, there is a -- for those claims that were
24 related to each other from a technological standpoint in the
25 original set of claims, they're now written to be dependent, one

1 upon the other, so that you end up with a sort of -- I used the
2 word "stack" -- but another way to say that is a multiple --
3 it's not multiply dependent claims. Like one claim is depending
4 on three or four.

5 But a first dependent claim, and then a second
6 dependent claim, dependent on that dependent claim, which is
7 dependent upon Claim 1.

8 And that sort of, as I described it as stacking, has an
9 effect on the issues in the case, particularly validity, and as
10 well as infringement.

11 THE COURT: All right.

12 What are the accused products here?

13 MR. PARTRIDGE: The accused products are probably the
14 one that you would be familiar with, would be Google -- Google
15 Earth. If you've ever used Google Earth --

16 THE COURT: Yes.

17 MR. PARTRIDGE: -- that's the primary product.

18 There are some related products that came later, just
19 before the filing of this lawsuit, or maybe it was right at the
20 time of the filing of this lawsuit, Google introduced a mobile
21 version of Google Earth.

22 But you just can't wrap Google Earth into a mobile
23 application. There were changes in order to make a mobile
24 version of Google Earth. There's that product.

25 And then there are some products that they make

1 available on more of an enterprise basis, where you license the
2 product. And there are a couple versions of that. And there
3 are some variations between -- between these products.

4 And those are the four products that are currently in
5 issue in the case.

6 THE COURT: All right.

7 MR. PINCKNEY: Your Honor, this Ryan Pinckney.

8 May I speak very briefly?

9 THE COURT: Yes.

10 MR. PINCKNEY: I was just going to add there's also a
11 product, Google Maps with Earth. And, so, they took the
12 previous product, Google Maps, and incorporated Google Earth
13 into it. I believe that's the fourth one that Scott may not
14 have included.

15 THE COURT: All right.

16 MR. PARTRIDGE: That's correct.

17 THE COURT: All right.

18 Mr. Carrano?

19 MR. CARRANO: Yes, yes. Thank you, your Honor.

20 As you'll recall in the November 20th conference we had
21 with you, Art+Com wanted the invalidity contentions and the
22 Alchemy code, which we did the invalidity contentions, but they
23 currently -- at that time there were 52 claims asserted, so they
24 had those since December 5th.

25 We resolved the third-party issues with the Alchemy

1 code. And we made that available, and they inspected it, and
2 they continue to inspect that.

3 From our perspective, we've done what they asked us to
4 do, to give them the additional information, the invalidity
5 contentions, and the Alchemy code. And our production is,
6 essentially, complete, particularly with the function and
7 operation of the accused products, which they were referring to.

8 So we think they have all the information to reasonably
9 get down in the case to what would be on par with other patent
10 cases in this district, and otherwise in the federal model.

11 I mean 20 claims at this point in the case, we think is
12 objectively generous. It's a one-patent case. Maybe you could
13 argue it's a 1.4 patent case, a 1.5 patent case.

14 We think that's more than fair. We think if they want
15 to, if they have to later in the process change claims, or add
16 claims, if they show it for cause, we think that's consistent
17 with the Katz case, which they cite in their letter.

18 But we think objectively, and specifically to this
19 case, 20 claims at this point is more than enough.

20 And, then, as far as the impact on this case, I
21 disagree a little bit on that issue.

22 Of the 40 asserted claims, three-quarters of them
23 roughly have claim term disputes. So, if they reduce the number
24 of claims asserted, invariably that will likely knock out many
25 of the disputed terms, or a good proportion of the disputed

1 terms.

2 And, then, two, of course, is not just about the
3 Markman process, the Markman Hearing, there's other discovery,
4 there's other aspects of the case, which would be narrowed
5 should they be required to reduce the number of claims now.

6 So that's -- we think with -- with respect to the
7 merits of this case, which we don't think are unique, 20 claims
8 at this point is more than fair, and more in line with cases in
9 court, as well as throughout the country.

10 MR. PARTRIDGE: And, your Honor, may I a respond?

11 THE COURT: Sure.

12 Is this Mr. Partridge?

13 MR. PARTRIDGE: Yes, it is.

14 I apologize again. I forgot to introduce myself.

15 As to the first point about Google having provided what
16 we asked, it is true that several of the principle arguments we
17 made at the last hearing concerning the invalidity contentions
18 of the code, has been produced by Google.

19 But, at that time, we did not limit ourselves, in terms
20 of our view of the timing of the claim reduction, to the
21 provisioning of those -- of fact discovery by Google.

22 It was our position then, and it is our position now,
23 that this should be done in a structured manner, so that we can
24 make informed judgments about what claims to reduce, and that
25 included consideration of claim construction initially by the

1 parties.

2 As to the impact, I heard nothing in what counsel said
3 that impacts this particular case, other than an argument for
4 what constitutes, more or less, an arbitrary limit on the number
5 of claims to be asserted at this point, without pointing to any
6 specific impact that would occur in the case.

7 And, indeed, while it may be true that three-quarters
8 of the claims have disputes in them, those are duplicated
9 disputes from claims. And the truth of the matter is that all
10 of those disputes could be wrapped into nine total claims, so
11 that the number of asserted claims is -- is not a factor here.

12 And insofar as discovery is concerned, there haven't
13 been any discovery requests made by the parties to date that are
14 impacted by the number of claims.

15 Both side have provided their documents in discovery,
16 and for the most part, simply have done that relatively
17 recently. And there aren't any outstanding interrogatories --
18 depositions that one can point to as a basis for complicating
19 this case at this point.

20 So I think the position of Google, as to a claim
21 reduction at this point, is based entirely on an arbitrary
22 approach to claim reduction, which I think is contrary to what
23 the Federal Circuit suggested in the Katz case is appropriate.

24 THE COURT: Where do we stand, in terms of the number
25 of asserted prior art references?

1 MR. CARRANO: Yes. This is Cono Carrano for Google.

2 Currently there are 43 references cited in the
3 invalidity contentions. That was for the 52 claims.

4 So I don't think we have done a calculation yet, as far
5 as the reduced -- reduced then to 40 claims.

6 I think this is where we're going. We think that we
7 could, once we see a reduced set, we could probably get the
8 prior art references down to 30, after we reduced that. And
9 after the Markman, likely around 20.

10 MR. PARTRIDGE: Again, your Honor.

11 This is Scott Partridge.

12 We're not asking for a reduction in prior art
13 references at this point in time. Expert discovery is still a
14 good ways off.

15 And I don't think that the number of prior art
16 references is effecting the case at this -- at this particular
17 juncture.

18 It will down the road, obviously, just that the number
19 of total claims will have some implication at some point in the
20 case, but I don't think either is the circumstance right now.

21 THE COURT: All right.

22 And the date that was suggested, I think in the letter
23 for this reduction by Google, was January 5th.

24 Is that tied to the claim construction process in some
25 way, or is that just a date that's not too far in the future,

1 but gives, in Google's opinion, the plaintiff enough time to
2 make an intelligent decision?

3 MR. PARTRIDGE: Yes, your Honor. The exchange of claim
4 construction is January 9th.

5 If Art+Com wants, or need more time, I think we can
6 move the reduction of claims to after that point somewhere
7 between -- somewhere up until the 16th of January. That way we
8 can see the constructions, and maybe we can negotiate the
9 constructions as well as -- well, they can reduce the claims in
10 that period of time.

11 So I think anywhere between now and the 16th of January
12 would work.

13 THE COURT: And, Mr. Partridge, is there some prejudice
14 to Art+Com to doing a reduction by January 16th that you can
15 point to?

16 MR. PARTRIDGE: Well, you know, I think -- well, the
17 answer is, I think is generally yes, in that by January 15th or
18 16th, or whatever the time is in mid-January, we're still at a
19 point in this case where we don't know, ultimately, what the
20 Court will do with respect to our claim construction, which
21 certainly is going to impact how we look at the infringement
22 case and the validity case with respect to these claims.

23 And I would say the question is -- is not whether the
24 plaintiff is prejudiced by the defendant's attempt to reduce
25 claims, but whether or not there is truly an impact on the

1 defendant as a consequence of the number of claims asserted
2 here.

3 So the shoe, I think, is on the wrong foot, in terms of
4 prejudice to the plaintiff.

5 And what we just heard from the defendant is -- is a
6 lack of basis for the reduction as of the middle of January.

7 This reduction doesn't effect the number of claim
8 disputes that we will be briefing before the Court.

9 The reason, I think, for the request in the reduction
10 of claims has to do with the stated position of -- of Google
11 from the earlier hearing, that it wants to file IPRs before the
12 Patent Office. And I don't think that's an appropriate basis
13 for the Court to make the judgment about a reduction of claims.
14 With that reduction, that's being requested, is one that strikes
15 me as arbitrary, and not tied to a particular prejudice that the
16 defendant can point to in this case that justifies the
17 reduction.

18 THE COURT: All right.

19 I'm sorry, Mr. Carrano, did you want to say something
20 else.

21 MR. CARRANO: Just quickly.

22 On the November 20th conference, we mentioned the IPR
23 not as a basis for reducing the claims, but for just putting
24 everyone -- being fair about what we plan to do, so the Court
25 knows as well as Art+Com.

1 Second of all, I don't think -- again, like I said
2 before -- objectively for a one-patent case, 40 we think is out
3 of line.

4 And, then, specifically, in this case, as far as an
5 impact, again, three-quarters of the claims that are being
6 asserted, currently 40 are involved with the disputed terms.

7 So, there is an immediate impact, and down the road,
8 obviously, the impact to Google, as far as discovery, they can
9 ask for 30(b) (6) witnesses, and what have you, about all 40
10 claims.

11 So we think there is an obvious impact to Google over
12 time, immediately with claim construction, and then throughout
13 the rest of the case.

14 THE COURT: All right.

15 So I'm going to direct that the plaintiff reduce the
16 number of asserted claims to 20 by January 16, 2015.

17 I would note, first off, that in terms -- and I would
18 say, basically, in support of that two things.

19 One is that there is a benefit to the case, generally
20 in terms of forcing the parties to focus in on -- to narrowing
21 the case. So there's a generalized benefit, even if there is no
22 particular point in time to which, or at which, a party can
23 point to, need to do that or to otherwise be prejudiced.

24 I would also note, as a second point, that the
25 plaintiff's response, as to whether there's some prejudice to

1 them is so generalized as to be, I think, essentially
2 meaningless. They don't what my claim construction decisions
3 might be.

4 Yes, that's true. But then that's -- if that argument
5 were carried to a logical extreme, there would never be any
6 reason to limit the claims before the Markman.

7 And I do think that 20, no matter how you slice and
8 dice the number of claims and the number of products, still
9 allows the plaintiff to pick a representative number of claims,
10 even assuming that it can't assert any one claim against more
11 than one product, which I think is unlikely, although, I don't
12 actually know.

13 So I'm going to order the reduction to 20 by that date,
14 January 16th.

15 I'm not going to say -- I'm not going to set a schedule
16 for doing any further reduction after the Markman, because I
17 don't think that at this point I actually need to. I think
18 going through the Markman process will give me a better idea of
19 how all these claims interrelate with each other, which I do not
20 have right at this minute.

21 So I think we'll take it one step at a time, and just
22 because I'm reducing -- ordering the reduction now, doesn't mean
23 that I will necessarily order the reduction that Google has
24 asked afterwards, or maybe even any reduction at all. I just
25 can't tell.

1 I also note that at this time, that in terms of --
2 there's no particular request relating to the reduction of
3 invalidity, prior art references, but I will certainly consider,
4 at a later time when, and at post-Markman, I would certainly
5 consider any request for further reduction in claims, at the
6 same time as considering the number of prior art references.

7 So I will enter a written order.

8 Is there anything else that I can do for you this
9 morning?

10 MR. PARTRIDGE: I think that covers it, your Honor.

11 Thank you.

12 MR. CARRANO: Thank you, your Honor.

13 THE COURT: All right.

14 Well, thank you for calling in.

15 Have a nice holiday and I will see in the new year.

16 (Counsel responded "Happy holiday" and "thank you, your
17 Honor.")

18 (The proceedings adjourned at 9:33 o'clock a.m.)

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